



Texas Department of Insurance

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COMMISSIONER'S BULLETIN NO.B-0009-99

DATE: February 12, 1999

TO: ALL INSURANCE COMPANIES, CORPORATIONS, EXCHANGES, MUTUALS,
RECIPROCALLS, ASSOCIATIONS, LLOYDS OR OTHER INSURERS WRITING
INSURANCE IN THE STATE OF TEXAS

Re: TEXAS PRIVATE PASSENGER AND COMMERCIAL AUTOMOBILE BENCHMARK
RATES AND FLEXIBILITY BANDS

On February 2, 1999, the Insurance Commissioner issued a Commissioner's Order NUNC PRO TUNC No. 99-0196 correcting previous Commissioner's Order No. 98-1418 entitled "PRIVATE PASSENGER AND COMMERCIAL AUTOMOBILE INSURANCE BENCHMARK RATE HEARING". The amended language concerns the private passenger auto comprehensive coverage only.

As stated in order No. 99-0196 was the Commissioner's intent by entering Commissioner Order No. 98-1418 to set appropriate rate relationships among the various deductible options. The rate calculation for comprehensive coverage deductibles of \$200 and \$250 contained small errors and discrepancies that are corrected in the current Order NUNC PRO TUNC.

Enclosed are revised pages 21 of the machine letter and 32 of the rate bulletin that are impacted by the changes. Furthermore, a revised "SUMMARY OF APPROVED FEBRUARY 15, 1999 BENCHMARK RATE CHANGES" is also provided. Please substitute these new pages from the previous one contained in Commissioner Bulletin 98-1418.

Questions regarding the present bulletin or any private passenger automobile benchmark rate matter should be directed to the Property and Casualty Actuarial Section at (512) 475-3017.

Sincerely,

Philip O. Presley
Chief Property/Casualty Actuary
Technical Analysis

Enclosures:

2/2/99 Private Passenger Auto Machine Letter, corrected page 21 (Voluntary Only Business)

2/2/99 Private Passenger Auto Rate Bulletin, corrected page 32 (Voluntary Only Business)

SUMMARY OF APPROVED FEBRUARY 15, 1999 BENCHMARK RATE CHANGES corrected page

TEXAS PRIVATE PASSENGER AUTOMOBILE PHYSICAL DAMAGE INSURANCE
COMPREHENSIVE AND SPECIFIED CAUSES OF LOSS - STATED AMOUNT (CONT.)
(Texas Automobile Manual Page 160)

SYMBOL GROUP	MODEL YEAR	COMPREHENSIVE & SPECIFIED CAUSES OF LOSS DIFFERENTIALS
1	1990 & Later	1.000
2	1990 & Later	0.889
3	1990 & Later	0.882
4	1990 & Later	0.877
5	1990 & Later	0.874
6	1990 & Later	0.872
7	1990 & Later	0.869
8	1990 & Later	0.866
10	1990 & Later	0.864
11	1990 & Later	0.862
12	1990 & Later	0.861
13	1990 & Later	0.846
14	1990 & Later	0.832
15	1990 & Later	0.821
16	1990 & Later	0.815
17	1990 & Later	0.810
18	1990 & Later	0.805
19	1990 & Later	0.798
20	1990 & Later	0.793
21	1990 & Later	0.785
22	1990 & Later	0.777
23	1990 & Later	0.767
24	1990 & Later	0.754
25	1990 & Later	0.739
26	1990 & Later	0.727
27	1990 & Later	(a)

(a) Subtract 0.006 from symbol 26 differential for each \$10,000 above \$80,000.

METHOD OF CALCULATION:

Symbols 1-26

- (1) Multiply stated amount base rate by symbol group differential and round to nearest cent.

EXAMPLE: \$100 deductible comprehensive, territory 01, 1991 model year, symbol 11.

$$(1) \$0.75 \times 0.862 = \$0.65$$

Symbol 27

- (1) Calculate the appropriate symbol differential. Subtract \$80,000 from the F.O.B. list price. Divide the result by \$10,000 and round down to nearest whole number. Multiply the result by 0.006. Subtract the result from the symbol 26 differential.
- (2) Multiply stated amount base rate by the symbol differential in (1) and round to the nearest cent.

EXAMPLE: \$100 deductible comprehensive, territory 01, 1991 model year, \$119,000 F.O.B. list price.

$$(1) \$119,000 - \$80,000 = \$39,000$$

$$(1) \$39,000 / \$10,000 = 3$$

$$(1) 3 \times 0.006 = 0.018$$

$$(1) 0.727 - 0.018 = 0.709$$

$$(2) \$0.75 \times 0.709 = \$0.53$$

TEXAS PRIVATE PASSENGER AUTOMOBILE PHYSICAL DAMAGE INSURANCE
DEDUCTIBLE INSURANCE - PHYSICAL DAMAGE
(Texas Automobile Manual Page 118)

B. For deductibles not shown on the rate pages, compute the premiums as follows:

1. Comprehensive Deductibles

- a. Autos using private passenger rates. Multiply the factor below times the \$50 deductible comprehensive premium for the deductible provided.

Deductible Amount	Factor
\$200	0.74
250	0.69
500	0.49
1,000	0.38

**PHYSICAL DAMAGE
PRIVATE PASSENGER AUTOMOBILE
COLLISION - ACTUAL CASH VALUE (CONT.)**

METHOD OF CALCULATION (Cont.):

Symbol 27

- (1) Determine symbol 1 actual value premium for the desired coverage, territory, driver classification and model year.
- (2) Calculate the appropriate symbol differential. Subtract \$80,000 from the F.O.B. list price. Divide the result by \$10,000 and round down to the nearest whole number. Multiply the result by 0.14 and add the symbol 26 differential.
- (3) Multiply premium in (1) by result in (2) and round to nearest dollar.

EXAMPLE: Class 2D, 1995 model year, \$119,000 F.O.B. list price, \$250 deductible, territory 01.

- (1) \$118
- (1) $3.11 \times 0.88 \times 1.00 = 2.737$
- (1) $\$118 \times 2.737 = \323
- (2) $\$119,000 - \$80,000 = \$39,000$
- (2) $\$39,000 / \$10,000 = 3$
- (2) $3 \times 0.14 + 3.94 = 4.36$
- (3) $\$323 \times 4.36 = \$1,408$

40. DEDUCTIBLE INSURANCE

B. The factors in this rule shall not apply to dealers comprehensive or garagekeepers insurance. For deductibles not shown on the rate pages, compute the premium as follows:

1. Comprehensive Deductibles.

a. Autos using private passenger rates. Multiply the factor below times the \$50 deductible comprehensive premium for the deductible provided.

Deductible Amount	Code	Factor
\$200	015	0.74
250	055	0.69
500	726	0.49
1,000	727	0.38